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Report Highlights:

Fueled by MAFF's decision to lift its ban on all unapproved tomato varieties in September, 1999, Japanese imports of U.S. fresh tomatoes jumped threefold last year to \$3.2 million (1,276 tons), with romas accounting for most of the increase. Further gains are expected in 2000, with imports projected to reach 3,000 tons (2,000 roma, 1,000 round), as expanding Japanese consumer interest in fresh tomatoes for cooking continues to fuel demand for U.S. fresh romas. U.S. round tomatoes will continue to make steady gains in food service channels.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Boosted by Japan lifting its phytosanitary ban on all unapproved tomato varieties in September, 1999, Japanese imports of U.S. fresh tomatoes jumped threefold last year to \$3.2 million (1,276 tons), with romas accounting for most of the increase. Further gains are expected in 2000, with imports projected to reach 3,000 tons (2,000 roma, 1,000 round), as expanding Japanese consumer interest in fresh tomatoes for cooking continue to fuel demand for U.S. fresh romas. U.S. round tomatoes continue to make steady gains in Japanese hamburger chains, pizza, and sandwich shops.

Despite the steady growth in recent years, imports still account for less than 1 percent of total Japanese fresh tomato consumption. The sweet momotaro round tomato varieties account for nearly all local shipments. While local growers are beginning to produce alternative varieties, including roma, the acreage conversion is still small according to local traders

Growing Japanese Demand for U.S. Romas

It was only eight months ago when the first U.S. roma tomatoes were introduced to the Japanese market, after the Japanese government lifted its import ban on all varieties of fresh tomatoes from the United States in September, 1999 (Round-type tomato varieties were liberalized in 1997.) Demand for U.S. romas has been escalating since then, fueled by Japan's Italian cuisine boom. Monthly imports from the United States will likely reach 300 metric tons in summer and fall, according to Tokyo traders.

This season's first shipment of California romas arrived in Tokyo via air freight on June 12, with volumes building in early July. U.S. roma tomatoes will be largely marketed through Japan's retail channels as cooking tomatoes. Japan's major supermarket chains like Daiei, Seiyu, Tokyu Store and Maruetsu have already decided to market U.S. romas this season and many other supermarkets will likely follow suit as California shipment volume increases. In-store market promotions by USA Tomatoes are expected to pick up this month. Cooking demonstrations and menu presentations at retail store front will encourage Japanese consumers to taste U.S. roma tomato, which is new type of tomato in the Japanese market. U.S. romas are sold at 298 yen (\$2.81) for a clamshell-type plastic container of 6 tomatoes or 50 yen (\$0.47) per tomato at Tokyo supermarket. Romas are packaged in 6.5 kilogram cardboard case and wholesaled at 2,500 - 2,800 yen (\$23.58 - \$26.41) per case in Tokyo.

U.S. Tomato Industry Created a New Market for Cooking Tomatoes in Japan

In Japan, it had not been a common recipe for fresh tomatoes used for cooking before U.S. tomatoes were brought into this market. Almost all domestic tomato varieties were developed for fresh consumption with fruit-like taste, represented by the "Momotaro" variety. U.S. and Japanese traders promoted U.S. tomatoes as cooking tomatoes as a complement to Momotaro consumption. Coinciding with Japan's Italian cuisine boom, U.S. roma tomatoes were quickly picked up by Japanese restaurant chefs and housewives. Today, U.S. is the major supplier of cooking tomatoes to the market domestic supplies still small at less than 500 tons.

Japanese Growers Begin Planting Cooking Tomato Varieties

Currently, only a small number of domestic growers are planting cooking type varieties including roma tomatoes, but more farms will likely grow cooking type tomatoes as Japan's cooking tomato market expands, according to Tokyo tomato traders. Today, domestically grown roma tomatoes are sold at Tokyo's supermarkets at approximately 50 yen (\$0.47) per tomato, a similar price to U.S. romas.

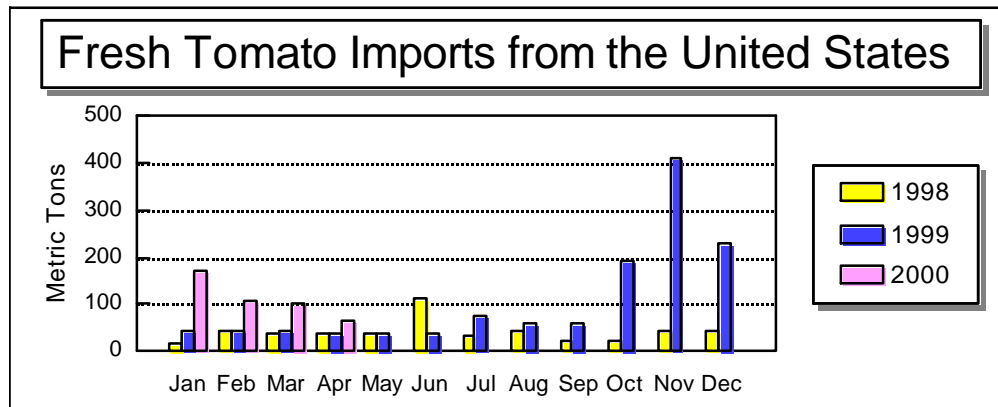
Domestic farmers who currently grow tomato varieties for processing under a production contract with Japanese juice and ketchup manufacturers may switch some of their acreage to cooking tomatoes in the near future for better income. But, the acreage conversion will not happen dramatically, according to Tokyo's Ohta Market traders, since the production method and distribution channels for processing tomatoes significantly differ from the method for fresh consumption tomatoes.

Domestic Tomatoes Prices Continue Low in 2000

Japan's warm spring weather in the Kanto region brought a bumper tomato crop fresh tomatoes are trading at near-record low prices this year. In May, fresh tomato shipments to the Tokyo market were up 19 percent in volume term from the same period last year with a 14 percent decline in wholesale price. Japan's declining consumption of fresh vegetables as a long-term trend is also a cause for the weak market for tomatoes. Fresh domestic tomatoes (mainly Momotaro variety) are currently traded at 800 - 1,000 yen (\$7.54 - \$9.43) for 20 medium sized tomatoes in a 4-kilogram carton at Tokyo's Ohta Market and retailed at 50 - 80 yen (\$0.47 - \$0.75) per tomato at Tokyo's supermarket. The weak market conditions may continue and threaten sales of U.S. tomatoes, according to Tokyo traders.

U.S. Round Tomatoes: Strong Foothold in Japan's Food Service Sector

Year round steady supply of U.S. round type tomatoes have gained good reputations among Japan's hamburger chains, pizza restaurants and sandwich shops. Japan's consumption of U.S. round tomatoes has become steady at 60 - 80 metric tons monthly. Burger King alone consumes approximately 5,000 cases (25 metric tons) of U.S. tomatoes every month. Wendys and First Kitchen, each uses approximately 2,500 cases (12.5 metric tons) monthly. Growth potential for U.S. tomatoes is also expected in Japan's sandwich business, especially marketed through Japan's convenience store chains, and this business sector currently consumes 20 - 25 metric tons monthly. U.S. round tomatoes are traded at 1,700 - 2,200 yen (\$16.03 - \$20.75) per 5 kilogram box at Tokyo wholesale market.



PS&D Tables and Trade Matrices

Fresh Tomato PS&D Table

PSD Table						
Country	Japan					
Commodity	Fresh Tomatoes				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Plnt For Fresh Consump	0	12679	0	12705	0	12750
Plnt For Processing	0	921	0	895	0	850
TOTAL Area Planted	0	13600	0	13600	0	13600
Harv. For Fresh Cons.	0	12679	0	12705	0	12750
Harv. For Processing	0	921	0	895	0	850
TOTAL Area Harvested	0	13600	0	13600	0	13600
Fresh Sale Production	0	699400	0	710300	0	740000
Processing Production	0	63600	0	58400	0	80000
TOTAL Production	0	763000	0	768700	0	820000
TOTAL SUPPLY	0	763000	0	768700	0	820000

Fresh Tomato Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Tomatoes		
Time period	Jan. - Dec.	Units:	Metric Tons
Imports for:	1998		1999
U.S.	507	U.S.	1276
Others		Others	
Korean Republic	3139	Korean Republic	6922
Netherlands	464	Netherlands	274
New Zealand	3	New Zealand	152
Canada	12	Canada	52
		China	23
Total for Others	3618		7423
Others not Listed	0		0
Grand Total	4125		8699

Fresh Tomato Price Table

Prices Table			
Country	Japan		
Commodity	Fresh Tomatoes		
Prices in	Yen	per uom	KG
Year	1999	2000	% Change
Jan	407	328	-19.41%
Feb	363	330	-9.09%
Mar	344	312	-9.30%
Apr	359		-100.00%
May	298		-100.00%
Jun	224		-100.00%
Jul	235		-100.00%
Aug	306		-100.00%
Sep	389		-100.00%
Oct	521		-100.00%
Nov	594		-100.00%
Dec	520		-100.00%
Exchange Rate	106.85	Local currency/US \$	